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Nation's Restaurant News®

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

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Party caterers battle stingy holiday market

Operators offer flexible party packages as corporate planners seek to cut costs

by Peter O. Keegan

Faced with tight budgets, economic uncertainty and soaring liability costs, companies around the country are turning to savvy restaurant, hotel and catering operators to help them get more bang out of their holiday bucks.

In response to increased competition for fewer corporate parties, operators are offering more flexible party packages, more off-premises services and exotic venues.

"Many companies are cognizant about throwing money around in a bad year," said Kathleen Doeller Dreger, general manager of Continental Catering in Phoenix, Ariz., "and they are being extracareful about spending too much."

"Some of our best clients aren't doing anything this year," she said, "and are giving out turkeys to employees."

Off-premises caterers are taking a bigger chunk of the multi-billion-dollar holiday entertainment pie this year as thriving companies seek exciting venues and struggling firms opt for parties catered at the office.

"We have seen an enormous rise in in-house parties this year," said Chip Fisher of New York's Fisher & Levy caterers. "People are cutting back on restaurant and hotel parties because of bad business this year and instead are turning to caterers like us."

On-site or special-venue parties can cost as much as $100 per head in some cities, while off-premises caterers can put together an office party for as little as $15 per person. An additional financial lure of in-house company parties to owners is their 100-percent deductibility, which is allowed by the government if all employees are in attendance.

"We're seeing a rise in demand for off-premises catering," said Pat Queen, director of catering at Chicago's The Como Inn. "We are doing more parties at companies themselves and at private homes this year."

Queen reported that Chicago corporations are spending more money than they have in the past few years, shelling out 10 percent to 15 percent more than in 1988.

"Things were tighter last year than this year," Queen reported,
(See CATERING, page 96)

Holiday catering strategies

Special venues: museums, cruise ships, skating rinks, old warehouses, mansions, old movie houses, railroad trips.
Traditional: hotel ball rooms, restaurants, nightclubs, banquet halls (buffet, sit-down or appetizer parties).
At the office: Cold platters or hot buffets served in lunchroom or conference room. Company or caterer supplies alcohol.
Theme parties: Christmas around the world, Nutcracker, Babes in Toyland, safaris, Christmas in Rio.

Coping with chaos of New Year's Eve
See page 4

NRN Photo

Keith Famie, chef-owner of Les Auteurs, Royal Oak, Mich., in construction zone that will become an addition to his restaurant.

Famie Chicken: Will it take wing?

by Carolyn Walkup

ROYAL OAK, Mich. — People used to think that Keith Famie, chef-owner of the hot Les Auteurs bistro and winner of several prestigious awards, had a lot of grandiose ideas that would never be realized.

Famie, 29, set out a few years ago to become rich and famous in his chosen profession. He does not yet admit to being rich, but his fame has spread far beyond Detroit's northwestern suburbs. And he's working on increasing his wealth, not through fine dining, but through fast food.

Fast food may seem incongruous for a chef named to Food and Wine magazine's annual listing of
(See FAMIE, page 96)

General Mills to test Oriental concept

Seeks new dinner-house niche

by Rick Van Warner

ORLANDO, Fla. — Searching for a third concept to help fuel long-term growth, General Mills Restaurants is launching an Oriental dinner-house test here.

The company is seeking to tap an unexploited niche with a homegrown concept, as it did successfully with 170-unit The Olive Garden.

An initial full-service restaurant, which analysts and insiders said is under construction on International Drive in the heart of the area's tourist attractions, will likely offer reasonably priced Oriental cuisine tailored to mainstream tastes.

General Mills vaults into the 1990s

Focus begins on page 31

In March a two-year noncompete clause General Mills has with Minneapolis-based Chinese restaurant operator Leann Chin expires.

The agreement, inked when General Mills sold the 16-unit Leann Chin's Chinese buffet and take-out chain back to its namesake founder in March 1985, pro-
(See GENERAL MILLS, page 97)

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From the '80s into the '90s
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HOLIDAY NOTICE

Because of the holidays, Nation's Restaurant News will not be published next week, Monday, Dec. 25.

Our next issue will be Monday, Jan. 1.

We wish all of our readers and advertisers the happiest of holidays and a prosperous new year.

Franchisees take KFC to court over contract

by Milford Prewitt

LOUISVILLE, Ky. — Just one day after Kentucky Fried Chicken's top executive officer and franchisee leaders met to discuss the system's controversial new contract, the licensees went to court to kill it.

In the strongest move yet of a system bordering on revolt, KFC's franchisees filed a 38-page complaint in the U.S. District Court here, charging KFC with breach of contract and asking the court to issue an injunction to block the 1989 standard franchisee operating agreement.

The action came after KFC president John M. Cranor met for the first time with the franchisees to candidly defend the contract. The meeting follows nearly four months of discord between Louisville and its franchisee community over several terms in the 1989 agreement and other events that have strained KFC's relationship with its licensees.

Earlier Cranor said he was looking forward to the meeting and was hoping that the licensees would see that the new agreement was a recipe for future prosperity for all those connected to the KFC system.

But Bob Peck, president of the Association of Kentucky Fried Chicken Franchisees, said he called Cranor personally two days after the meeting and told him that, based on the tone of the discussion, the franchisees' contract steering committee decided it had no option but to go to court.
(See KFC, page 96)

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Nation's Restaurant News maintains a toll-free, 24-hour telephone line to gather feedback from our readers.

This week we are soliciting opinions on our new look. We want to know what *you* think, pro and con, about our new graphics and typography.

When you call the NRN Hot Line, an answering machine will ask for your opinion. If you like, you may leave your name and phone number so that we can confirm your statement for publication.

Call the NRN Hot Line: 1 (800) 678-7711.

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NEWS BRIEFS

Pizza Hut tags Winchell's units for conversion

WICHITA, Kan. — Pizza Hut is buying a "substantial" number of Winchell's Donut House units in Southern California for conversion to delivery-and-carryout outlets, sources at the Pepsico-owned company said.

Officials at La Mirada, Calif.-based Winchell's declined to say how many of outlets are being sold. The 638-unit chain, which was acquired for $40 million last month by Shato Holdings Ltd. of Vancouver, Canada, has about 300 shops in the Los Angeles area.

The deal is scheduled to close this month, with conversion slated to begin early next year. Currently, only about 60 Pizza Hut delivery kitchens are in California.

The chain's 6,000 restaurants nationwide include more than 1,500 delivery-and-carryout branches, which are similar to Domino's outlets. Pizza Hut has also retrofitted delivery facilities in more than 800 restaurants.

Launched by Pizza Hut in 1986, delivery now generates more than 20 percent of its $3 billion annual sales. The chain's last major West Coast expansion was the 1987 purchase of about 100 Straw Hat Pizza units from Marriott Corp.

Vincent Sardi seeks to repossess his NY landmark

NEW YORK — A group led by Vincent Sardi is trying to regain control of the legendary Sardi's restaurant here after a judge ruled the current owners had missed a payment on a note.

"We're in the process of trying to regain our collateral," said David Garelik, an attorney for Sardi and related parties. "We're doing whatever any creditor does when there's a default."

The current owner, Sardi's Inc., purchased the restaurant in 1986 for $6.2 million, with a cash down payment of about $1 million.

Howard Rubin, an attorney representing Sardi's Inc., said the company is trying to find someone to buy the restaurant.

Sardi's has long reigned as a popular dining spot for theatergoers. At one time it was also a popular haunt of actors and actresses from nearby Broadway playhouses.

Ninfa's parent buys Atchafalayas

HOUSTON — Rio Star Foods, operator of the Ninfa's dinner-house chain here, has purchased the Atchafalaya River Cafe restaurants for an undisclosed amount, according to seller Richard Tannenbaum.

Tannenbaum had been looking for financing to expand the four-unit, Louisiana-style seafood chain for more than a year.

Rio is the parent company of Ninfa's Inc, which operates 12 Ninfa's Mexican restaurants and owns or franchises 17 Bambolino's Italian Drive-Thrus, primarily in Houston.

The Atchafalaya restaurants are in Houston and Dallas.

Burger King's operating income climbs in summer

MIAMI — Although Burger King posted flat operating income for the full year ended Sept. 30, the chain rallied during the final three months, boosting pretax profit by 24 percent year over year, according to Grand Metropolitan.

The disclosure provided the first measure of Burger King's performance since London-based Grand Met acquired the chain in January.

The British company did not reveal Burger King's actual sales and profit figures. However, executives disclosed that the fast feeder's full-year "trading profit" — the British equivalent of operating income — virtually equaled the tally for the comparable fiscal period. Grand Met also specified that trading income shot upward during the July-through-September quarter.

Del Taco rolls fish tacos

COSTA MESA, Calif. — Anwar Soliman's California-based Del Taco fast-food chain has introduced a $1.49 fish taco at all 325 of its units.

The item consists of a deep-fried, crumb-coated fish wedge in a soft flour tortilla with shredded lettuce, diced tomato and a mayonnaise-based sauce.

Recently added to the menus of Mexican dinner-house chains such as El Torito, fish tacos are also appearing in innovative guises at upscale independent restaurants, especially in the San Diego area.

The San Diego-based Rubio's Deli-Mex chain helped popularize the trend with its hot-selling adaptation of the authentic fish tacos sold in port towns in the Mexican state of Baja California.

McCarty cuts prices at original Michael's

SANTA MONICA, Calif. — Michael McCarty has slashed menu prices by 33 percent at Michael's, the renowned California-French restaurant here that he recently duplicated in New York.

With the addition of the more moderate menu, prices at both restaurants range from $14.50 to $24.50 for such entrées as Norwegian salmon with tomato vinaigrette, naturally raised chicken with roasted peppers and grilled Maui onions, and Florida swordfish with Pommery mustard cream sauce.

McCarty's dishes formerly fetched from $24 to $32 at his Santa Monica flagship, reputedly one of the most expensive restaurants in California. A spokesman there said the change was made "to bring in more customers." Michael's appetizers, previously $10 to $16, cost $8 to $14.50; desserts that were $9 to $11 are now $7 to $10.

Spurned suitor persists in Dunkin' pursuit

TORONTO — DD Acquisition, the Canadian partnership that has been struggling in vain to acquire Dunkin' Donuts, said it is leaving its spurned bid on the table even as Dunkin' and its "white knight," Allied-Lyons, attempt to complete their merger.

Dunkin' has accepted a $325 million friendly purchase offer from Allied-Lyons, operator of the Baskin-Robbins ice-cream chain. Nevertheless, DD said it was extending its $310 million stock bid while it evaluates "alternatives" to its rejected proposal. Some analysts have speculated that DD may sweeten its bid.

DD was formed by Toronto businessman George Mann and Canadian food-service giant Cara Operations to acquire Dunkin'. The doughnut chain has steadfastly rebuffed DD's advances.

Retailer buys Dallas restaurants

ST. LOUIS — Edison Brothers Stores, a retailer based here, said it has purchased a controlling interest in Dave & Buster's, the operator of two Dallas restaurants of the same name.

The investor said the two outlets generate a combined $10 million annually. It did not disclose additional details.

Edison Brothers operates footwear and clothing stores.

Westwood Group plans low-priced trattoria

BOSTON — Westwood Group, an operator of 18 full-service restaurants here, is falling in step with the move toward more casual dining by opening a moderately priced trattoria called Papa Razzi.

The place will feature pizzas, pastas and salads, with average checks likely to fall below $15, according to Westwood.

Many of the area's white-tablecloth restaurants have been suffering from a slowdown in traffic, mirroring the situation in fine dining throughout the nation. Boston operators tie their woes to a slowdown in the area's computer industry.

Coniston closes TW takeover

NEW YORK — After faltering in earlier attempts to finance the deal, Coniston Partners has completed its acquisition of TW Services, operator of Denny's, Canteen, Quincy's Family Steakhouses and El Pollo Loco.

Coniston, an investment partnership based here, had acquired 80 percent of the foodservice conglomerate earlier this year through a stock tender offer. However, completion of the takeover was stymied by unacceptance of high-yield "junk bonds" that Coniston issued to pay for the deal. The would-be purchaser was forced to restructure its debt package by investing more equity, relying more heavily on bank loans and paring down the amount of the bond float.

After that realignment TW's minority shareholders agreed to tender their shares for either $34 in cash or $30 in cash and one share in the purchaser.

The deal immediately makes Coniston one of the nation's largest foodservice operations.

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NEWS

Coping with New Year's Eve chaos

Operators increase staff, simplify menus to ensure smooth sailing on busiest night of the year

by Bob Seligman

The crush of New Year's Eve business may present service problems for restaurants, but establishments are taking various steps to keep the food and drink flowing and the revelers happy.

Dec. 31 is one of the busiest nights of the year for restaurants. For example, Carlucci, a dinner house in Chicago, normally does $10,000 to $15,000 on a high-volume night. But on New Year's Eve, it will usually do $15,000 to $20,000. This year it expects to do $25,000 to $28,000 in business as it expands its normal seating capacity from 250 to 290.

That extra business can sometimes lead to slipshod service.

"You can always find examples of it," said Joseph Carlucci, president of his namesake restaurant. "They're [restaurants] trying to take advantage of the traffic. They're not trying to do too much."

"There's no question that restaurants are trying to maximize the seatings," said Glenn Comp, general manager of Masons, a tablecloth establishment located in the Fairmont Hotel in San Francisco. "We [restaurants] do take certain chances."

But those chances can be lessened, if not totally eliminated, through proper planning. Restaurants increase their staffs, decrease the size of their menus and give waiters and waitresses smaller serving stations. Fixed-price dinners may also help the evening go smoother for workers and customers.

Carlucci has two seatings on New Year's Eve, both with preset menus that have a greatly reduced number of items. There are three pastas and three entrées instead of the usual 10 of each. Desserts are reduced from six to two.

"If you have too many menu items, it causes an expediting nightmare in the kitchen," Carlucci said. "A lot of these things we can prepare in advance and then plate and serve.

"You have to be quick and maintain your standard of execution and quality control," Carlucci said. "We still have the challenge of putting up good food at a much faster pace than usual."

Carlucci's New Year's Eve fare includes entrées of rolled stuffed roasted veal, a fish dish that will be either swordfish, salmon or whole snapper and a Florentine T-bone steak. The pastas are black fettuccine with shrimp, radiatori pasta with taleggio cream sauce with broccoli and mafaldine with porcini mushrooms.

S.O.B.'s, a New York dinner house noted for its New Year's Eve party, is ringing in 1990 with a prepaid, price-fixed dinner that also has a limited menu. Co-owner Debbie Barall said it eliminates the worry of waiters having to collect money.

"When you have a price-fixed and a limited menu, the quality of service and food goes up," Barall said. "Chefs are dealing with a limited menu, which makes things easier for them. When everything is paid in advance, customers and employees are more relaxed."

In order to keep things relaxed, staffs are increased. Tivoli Restaurant, a tablecloth establishment in Arlington, Va., adds four additional waiters. Tapestries, a tablecloth restaurant in Greenwich, Conn., adds two to three additional waiters, depending upon the final reservation count. The Original Seafood Shantys, a 14-unit seafood dinner-house based in Bensalem, Pa., keeps track of how much extra help will be needed.

"You always want to give good service," Carlucci said. "Adding another three to four waiters and a food runner is a necessary expense. You don't want to compromise any of your serving principles to compensate for a couple of salaries."

Food servers are usually given smaller serving stations on New Year's Eve, especially when restaurants like Carlucci are trying to "comfortably sit" five people into a table that would normally sit four. Tapestries generally gives its waiters and waitresses three tables, instead of the normal three to five. Masons reduces the load to four tables instead of six or seven.

"It gives better service," said Roger Carriero, general manager of Tapestries. "It's what people want and what we expect to give them."

Darling enlisted to take Arby's helm

(Continued from page 3)

fond of Roberts and supportive of his goal — are taking a wait-and-see posture until the battle is over.

"We've weathered storms much worse than this. We've seen Arby's come and go through bankruptcy and everything else," said David Lovern, controller with the 15-unit franchisee B.W. Streeter Inc. in Fairfax, Va. "Right now we have restaurants to run; that's where we have to put our attention."

Roberts has rallied a group called A.P. Association, amounting to a majority of the Arby's franchise system, and has pledged to lever the chain away from Posner and his company, DWG Corp.

But with Posner's refusal to sell Arby's, Roberts' success will depend on the outcome of a federal trial in Cleveland, where New York-based Granada Investments Inc. is suing to buy DWG from Posner for $572 million.

Granada indicated it would sell the Arby's side of DWG to the franchisee group, R.B. Partners, should the court ruling favor Granada. And R.B. Partners, which had earlier bid $200 million for Arby's, said it would reinstall Roberts as president if that comes about.

But many franchisees are saying they can't afford to have their attention diverted by the continuing Arby's struggle.

"Everybody is in a wait-and-see attitude," said a West Coast franchisee, who requested anonymity.

Barney quits as chairman at Wendy's

(Continued from page 3)

was persistent and tenacious, and he had that even-keeled personality. He complemented Dave very well."

"He was extremely popular among franchisees," Bernstein said. "He knew most of them personally."

But those friendly relations were strained when Barney's team blundered in the mid-1980s. The chain rolled out a breakfast program that featured made-to-order omelets. The menu proved to be an operational nightmare, slowing service to a crawl and leaving a bad impression of Wendy's in many consumers' minds.

Headquarters also embraced several ineffective marketing programs, leading to a rapid change in campaigns and agencies.

Sales plummeted, franchisees went bankrupt and the chain cut its payroll several times. Management responsibilities were also reshuffled.

In 1986 Near was named president of Wendy's, succeeding Ron Fay, who retired. Near, who co-founded the Sisters Chicken & Biscuits chain with Barney, assumed the chief executive title from Barney in January.

In announcing his retirement, Barney commented in a prepared statement that "the transition of management direction to Jim Near is complete. I'm very confident that the company's future is in good hands."

"Maybe he's ready to take it easy for a while," Bernstein said. "He's worked his whole life. Maybe he wants to play golf for a while."

Barney entered foodservice at age 26, when he purchased the Bobcat, a full-service restaurant in the college town of Athens, Ohio. Initially, the place scraped along, pulling in about $150 per week.

"I saw I didn't want to be in the full-service restaurant segment," he recalled in an interview more than two decades later.

But Barney struck gold when he began to promote the chicken that he sold at the restaurant under a licensing agreement with a white-suited Southerner named Col. Harland Sanders; sales multiplied tenfold, and Barney saw a mother lode waiting to be mined.

Barney asked Sanders for a larger territory to sell his chicken. The colonel directed the young licensee to Thomas, another franchisee. Together, Thomas and Barney introduced many Ohioans to Kentucky Fried Chicken.

Barney opted for a corporate career track. He accepted a job as general manager of Kentucky Fried Chicken's Columbus operations, rising within three years to vice president of the chain's Midwestern region.

He left the job in 1970 to buy the Indianapolis franchise of Arthur Treacher's, a then-fledgling fish and chips chain that largely dissolved in the early 1980s. Treacher's convinced its new licensee to move back into headquarters operations, hiring Barney as executive vice president.

In 1971 Thomas coaxed his former partner back into the field by offering Barney the presidency of a two-unit chain that Thomas founded two years earlier. The concept bore the name of Thomas' daughter, Wendy.

"Bob Barney really forced me into Wendy's full tilt," Thomas recalled years later.

Many of the ideas hatched during Barney's salad days at Wendy's have resurfaced as possible sales boosters for the chain.

For instance, Near is wagering that the system can lure more children by spotlighting small-sized "junior" burgers. In the early 1980s, soon after Barney was appointed chief executive of Wendy's, the chain tested a bite-sized burger as part of a then-new children's meal.

At the time Wendy's was eyeing a fish sandwich; at the company's stockholders meeting in April 1989, executives said they were considering the addition of a fish sandwich that sold well during a Lenten trial run.

Similarly, the taco salad became a signature product for Wendy's early in Barney's era. Wendy's "reintroduced" the product recently in a push for drive-thru business.

FINANCIAL NEWS

Captain D's sales boost prompts unit expansion in '90

by Milford Prewitt

NASHVILLE, Tenn. — Lower fish prices, a reduction in labor costs and a moderate rise in menu prices have helped Captain D's Seafood chalk up a 5-percent jump in both systemwide sales and comparable-unit volume.

A division of Shoney's Inc., Captain D's recorded chainwide volume of $400 million for its fiscal year ending Oct. 31. Comparable-store volume grew from $630,000 to $660,000, a rate of growth that allowed the quick- serve seafood chain to retain its distinction as the operator with the highest-volume units in the quick-serve seafood segment.

Captain D's, which runs 352 of the chain's 610 units, occupies the same segment as Jerrico's Long John Silver Seafood Shoppes and National Pizza's Skipper's. Although Long John Silver shares a few Southern markets with Captain D's, the Shoney subsidiary does not compete against Skipper's in any markets. Skipper's, based in Bellvue, Wash., however, operates 216 units of a 240-unit system and has recently announced a strong expansion bid.

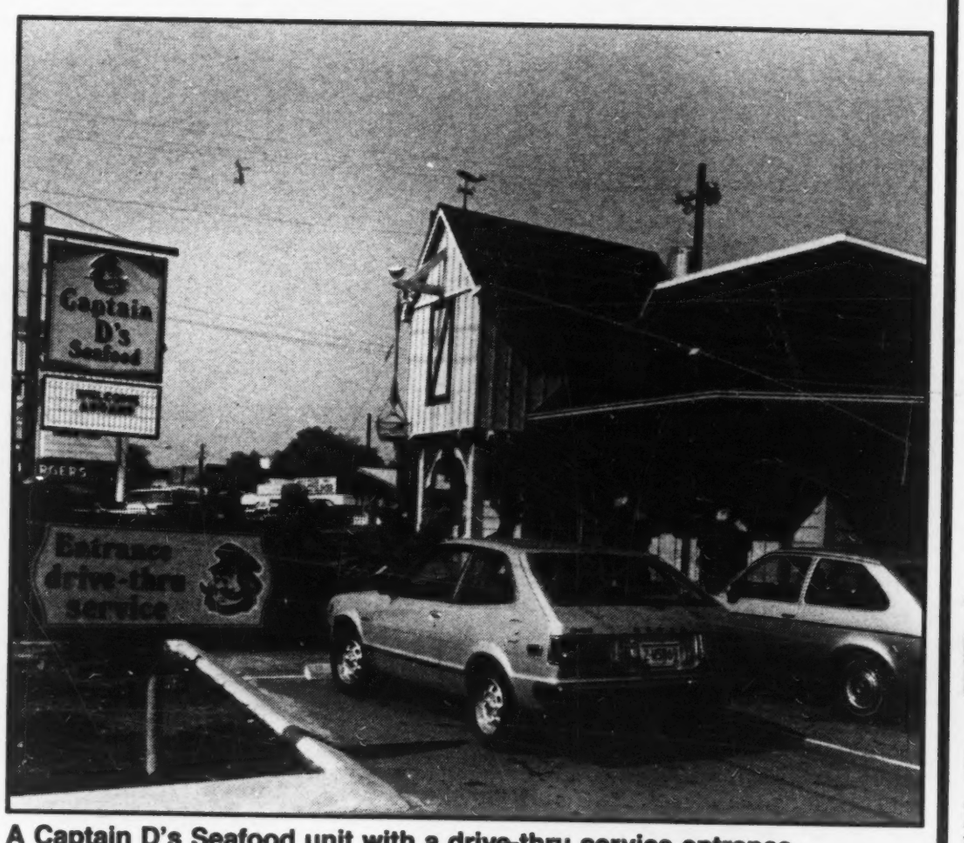
Mike Arnold, president of Captain D's, attributed some of the company's growth in 1989 to a 2.5-percent rise in menu prices, for a real gain of 2 percent overall.

Arnold, who has been at Shoney's for 15 years but head of Captain D's for one, credited a larger portion of the company's 1989 performance to a series of successful operational and marketing programs that have encouraged the company to expand the chain during 1990 in existing company markets.

He said Captain D's will grow by 31 units next year, and about two-thirds of the new outlets will be franchisees.

"I think we've got everything in place and everything going for us to have an even better year next year," he said. "We're really making our own niche."

The niche Arnold made reference to is Captain D's increasing addition of baked fish to its menu. Baked-fish items currently account for 10 percent to 12 percent of the menu mix but based on customer reception will probably go as high as 20 percent in 1990, Arnold said.



A Captain D's Seafood unit with a drive-thru service entrance.

"I think we have to offer baked products," Arnold said. "The customer is starting to demand them."

In two related menu moves, Arnold said, the company has added shrimp scampi and seafood pasta and is eliminating hamburgers altogether.

He said the shrimp scampi is the most expensive item on the menu, at $4.49. The average per-person ticket at Captain D's is $4.

Meanwhile, Arnold said Captain D's would unveil its drive-thru-only units in 1990. He said the motive for the new unit — which will include a walk-up window for pedestrians — is the company's 50-percent sales volume at existing units from the take-out market.

"We're really excited about it because we're dealing with a building with much lower investment costs, which can be put up pretty quickly and attract traffic," Arnold said. "We believe that the drive-thru is the wave of the future."

Arnold said the Captain D's of the 1990s would be a company focused more on catering to an older customer. Up until last year, he said, the company's typical customer base had been 18 to 49 years old. But Captain D's is beginning to formulate marketing plans for the 25- to 54-year-old age group. One of the age-focused marketing plans that has already paid dividends, he said, was Captain D's senior-citizen discount program.

In looking back over his one year at the helm of Captain D's, Arnold said making the kitchen operations simpler was the goal of which he is proudest.

"I said from the beginning I wanted to simplify our kitchen operations," Arnold said. "That meant getting a lot of supplies pre-prepped and taking a lot of items off the menu.

FOOD PRICE OUTLOOK

Canned pink, red salmon prices down

by Patt Patterson

There's good news if you use a lot of canned salmon.

The pack of pink salmon has hit a record, more than double 1988 production. The red is also up sharply this year, nearly triple last year's supply. And the prices reflect that.

Both pink and red salmon prices are running lower by 25 percent or more this year than last year at the same time.

At presstime lettuce prices were low on bumper crops in California and western Arizona. Although there was some ice on fields in Arizona, shippers believe that unless there is severe freezing, the prices will stay low into the early part of January.

Broccoli and cauliflower prices at presstime were lower than normal, with plenty of the vegetables available. That is expected to continue for several weeks at least.

Tea prices are on rise because of political conflicts and crop shortfalls in key growing areas, such as China, Sri Lanka, India and Argentina.

Expect high prices for fresh asparagus to moderate as shipments from Peru and Argentina start to compete with Chilean product.

Ripe olive prices have moved down on good supplies.

Spanish green olive prices for the new pack are iffy, with importers awaiting news now. The crop of Queens has been smaller than normal, but it appears the Manzanilla crop will be somewhat larger.

There have been price reductions by some packers on green beans. Stocks are larger than last year's.

Dried prune prices are somewhat lower on a large pack, although discounting is showing up mostly on smaller sizes.

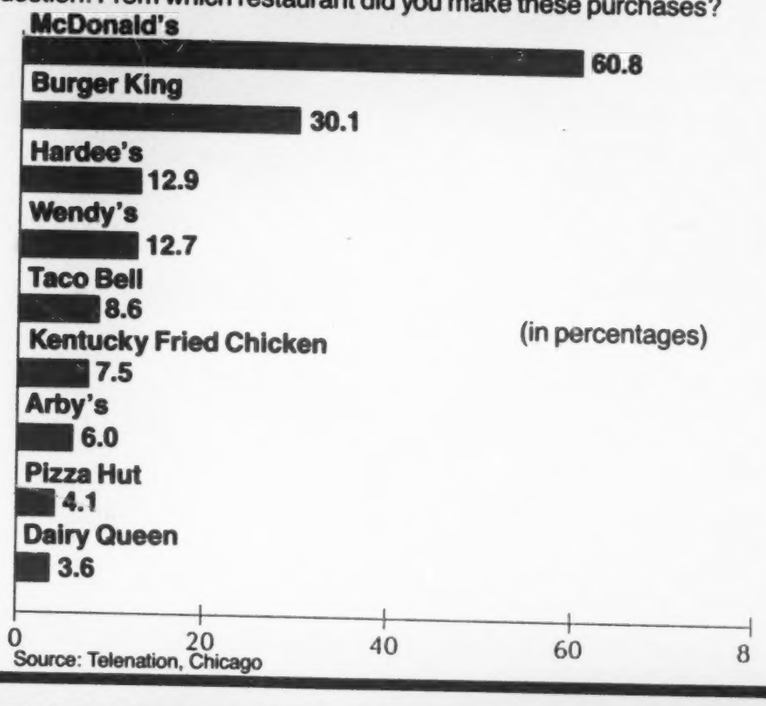
Butter prices will remain low for a while on large inventories, even though tighter milk and cheese supplies keep those prices high.

NRN FACT FILE

A look at the statistics shaping the industry

Where did *you* eat last week?

In a recent consumer poll, 60 percent of the people said that they had made at least one purchase at a fast-food restaurant within the last week.
The question: From which restaurant did you make these purchases?



Source: Telenation, Chicago

FINANCIAL DIGEST

National Pizza/Skipper's deal complete

PITTSBURG, Kan. — NP Acquisition, a wholly owned subsidiary of National Pizza, said it completed the purchase of Bellevue, Wash.-based Skipper's seafood chain.

National Pizza, Pizza Hut's largest franchisee, with more than 300 units, acquired 2.3 million shares of Skipper's outstanding stock at $11.05 per share. The purchase represented 85 percent of all shares outstanding.

Buffets posts 23% rise in net income

EDEN PRAIRIE, Minn. — Buffets Inc. posted a 23-percent increase in third-quarter net income to $1.6 million on revenues of $28.7 million, a 49-percent revenue gain year to year.

The company attributed the sales increase to its continuing chain expansion drive, which factors in specific site selection criteria to enhance sales performance.

Despite the sales boost average unit volume dropped 3.4 percent for the quarter ended Oct. 4. A typical unit averages $2 million a year.

Study predicts sales slowdown

CHICAGO — Intense competition and rising labor costs are slowing growth in the restaurant industry, according to Duff & Phelps Inc., an investment research and consulting firm.

"Overcapacity in the industry has resulted in intense competition, which has prompted heavy couponing and promotion," said Diane L. Mustain, who follows the restaurant industry for D & P. "The rising labor costs are a result of a shortage of teen-age workers, which has caused many chains to pay rates well above the current minimum wage.

D & P's assessment was based on following Jerrico, McDonald's, Shoney's and Wendy's.

Steve's Ice Cream posts 35% profit rise

LINDENHURST, N.Y. — Steve's Homemade Ice Cream attributed a 35-percent increase in net income in the third quarter to its acquisition of Swensen Inc., the Phoenix, Ariz.-based ice-cream parlor chain Steve's bought late last year.

For the quarter ended Sept. 30, Steve's reported a profit of $604,000 on sales of $9.1 million.

The sales volume topped year-ago levels by 61 percent.

"Revenues in the third quarter of this year benefited from the inclusion of Swensen's Inc. and continued improvement in sales of the Steve's Make-A-Wish single and three-pack ice cream bars," said Richard Smith, chairman and chief executive officer in a prepared statement.

Forbes lists 3 cafeteria chains in top 200

NEW YORK — Three cafeteria-style chains were the only food-service operations to make the Nov. 13 Forbes magazine list of "the 200 best small companies in America."

The three chains and their five-year average returns on equity are Luby's Cafeterias, San Antonio, 19.3 percent; Ryan's Family Steak Houses, Greenville, S.C., 17.5 percent; and Buffets Inc., Minneapolis-based operator of Old Country Buffets, 15.7 percent.

The criteria for the top 200 list of public corporations with annual sales between $5 million and $350 million required a minimum 10-percent five-year average return on equity, debt no greater than equity and no recent earnings or stock market reverses. Those companies meeting the criteria were then pared down to 200 based on "judgmental nonstatistical" factors.